

Message Text

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FOR OPIC

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TAGS: EINV, AF

SUBJECT: OPIC ANNUAL REPORT

REF: STATE 202038

1. PHOTOGRAPHS OF KAJAKAI DAM AND YLI SIGNING CEREMONY SENT
VIA POUCH SEPT 17, 1974.

2. AS REQUESTED, WE ARE SUBMITTING DAOUD STATEMENT TELEGRAPHI-
CALLY. TEXT FOLLOWS:

QUOTE STATEMENT OF MOHAMMAD DAOUD, PRESIDENT OF STATE AND
PRIME MINISTER, REPUBLIC OF AFGHANISTAN, REGARDING FOREIGN
INVESTMENT. PURSUANT TO OUR ENDEAVORS IN ENCOURAGING FOREIGN
INVESTMENT, IT IS MY PLEASURE TO SHED LIGHT ON AFGHANISTAN'S
POLICY IN REGARD TO SUCH INVESTMENTS.

FOR MANY YEARS, AFGHANISTAN HAS FOLLOWED A POLICY OF
DEVELOPING A GUIDED ECONOMY. IN MY MAJOR POLICY ADDRESS TO
THE NATION IN AUGUST OF 1973, I CONFIRMED THIS POLICY, POINTING
OUT THAT THE REPUBLIC OF AFGHANISTAN ATTACHES GREAT IMPORTANCE
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TO HEAVY INDUSTRY AND WILL EXPAND STATE INDUSTRY IN THIS AREA.

THESE INCLUDE EXTRACTION INDUSTRY, METAL AND MACHINE-BUILDING INDUSTRIES, CHEMICAL INDUSTRIES, AND ELECTRIC POWER. REGARDING MEDIUM AND LIGHT INDUSTRIES, THE REPUBLICAN GOVERNMENT WILL ENCOURAGE, PROTECT, GUIDE AND CONTROL PRIVATE ENTERPRISES IN THESE AREAS, AS WELL AS IN HANDICRAFTS.

IN LINE WITH THIS POLICY, THE REPUBLIC OF AFGHANISTAN AMENDED, IN JUNE 1974, THE PREVIOUS FOREIGN AND DOMESTIC PRIVATE INVESTMENT LAW.

THE MZW INVESTMENT LAW PROVIDES FOR NON-DISCRIMINATORY TREATMENT OF FOREIGN AND AFGHAN INVESTORS. ARTICLE IX STATES; "THERE SHALL BE NO DISCRIMINATION BETWEEN AFGHAN CAPITAL AND FOREIGN CAPITAL INVESTED PURSUANT TO THIS LAW AS REGARD FACILITIES, PREROGATIVES, TAX AND CUSTOMS OBLIGATIONS, KEEPING OF ACCOUNTS, AND JUDICIAL AND ARBITRATION PROCEDURES." BESIDES THE EQUAL TREATMENT STIPULATION, RELATIVELY GENEROUS ARRANGEMENTS ARE ENVISAGED FOR REPATRIATION OF CAPITAL, PROFITS AND SALARIES OF FOREIGN TECHNICIANS. TO PROTECT THE INTERESTS OF AFGHAN CITIZENS, HOWEVER, ALL PROJECTS APPROVED UNDER THE NEW INVESTMENT LAW MUST BE FIFTY-ONE PERCENT OWNED BY AFGHANS.

THE FAVORABLE INCENTIVES FOR PRIVATE INVESTMENT, WHICH APPLY EQUALLY TO FOREIGN AND AFGHAN INVESTORS, INCLUDE DUTY-FREE IMPORT OF CAPITAL GOODS, SPECIAL, LOW IMPORT DUTIES ON SPARE PARTS AND RAW MATERIALS, AND WAIVER OF EXPORT DUTIES ON THE OUTPUT OF APPROVED INVESTMENTS.

AT PRESENT, TWENTY-ONE PROJECTS, APPROVED UNDER THE 1967 LAW, ARE OPERATING WITH FOREIGN INVESTMENT PARTICIPATION. MOST OF THESE ARE AFGHAN-FOREIGN JOINT VENTURES. THE FOREIGN CAPITAL OF THESE JOINT VENTURES ORIGINATE FROM VARIOUS ASIAN, AMERICAN AND EUROPEAN NATIONS.

ONE OF THE PROJECT WITH U.S. PARTICIPATION, A MODERN TANNERY, IS OF SPECIAL INTEREST BECAUSE IT IS THE RECIPIENT OF THE FIRST OPIC INDUSTRIAL LOAN TO AFGHANISTAN, WE HAVE GREAT HOPES FOR THIS JOINT VENTURE BETWEEN AFGHAN INVESTORS AND GENESCO OF THE UNITED STATES, AND ARE CERTAIN THAT IT IS ONLY THE FIRST OF MANY AFGHAN-AMERICAN JOINT VENTURES UNDER UNCLASSIFIED

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THE AEGIS OF OPIC.

READERS OF THIS REPORT WHO ARE INTERESTED IN LEARNING MORE ABOUT FOREIGN INVESTMENT IN AFGHANISTAN ARE INVITED TO WRITE TO THE FOLLOWING ADDRESS FOR THEIR INQUIRIES:

THE INVESTMENT PROMOTION AND DEVELOPMENT DEPARTMENT
MINISTRY OF PLANNING

KABUL, AFGHANISTAN UNQUOTE

3. EMBASSY WOULD APPRECIATE FIFTY (50) COPIES OF REPORT WHEN
PUBLISHED FOR LOCAL DISTRIBUTION.
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